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World Wheat Trade May Hit 6-Year Low

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A Toast to the Future

A tomato juice toast to the future of the U.S. Department of Agriculture was offered by its new top executives upon taking office last week. Center, Clifford M. Hardin, Secretary of Agriculture. Left, Phil Campbell, Under Secretary. Right, Clarence D. Palmby, Assistant Secretary for International Affairs and Commodity Programs.

Under their leadership, *Foreign Agriculture* will continue to carry out its charter responsibility of helping American farmers, agricultural leaders, and businessmen to keep well informed of important foreign agricultural developments.

Secretary Hardin comes to his new post from the University of Nebraska where he had been Chancellor since 1954. Previously he was Dean of the School of Agriculture of Michigan State University. In addition to his highly successful record as an educational administrator, he made many contributions to technical assistance programs aimed at improving agriculture in less developed countries.

Under Secretary Campbell comes to his new position from Georgia where he served as Commissioner of Agriculture since 1954. He has received wide recognition for his many contributions to American agriculture.

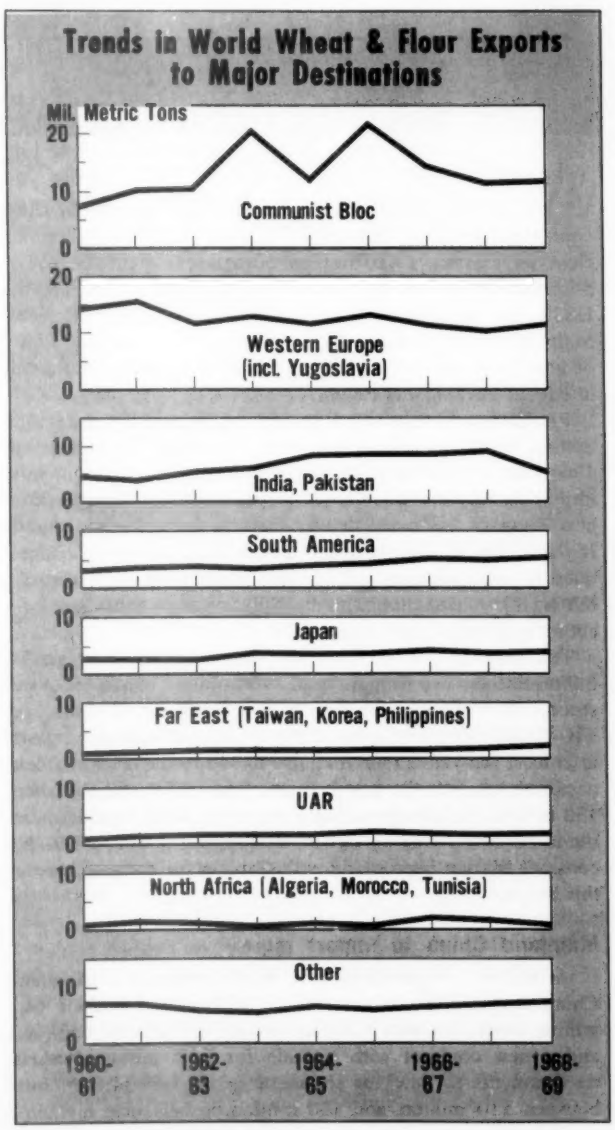
Assistant Secretary Palmby comes to his new position from the U.S. Feed Grains Council of Washington, D. C., where he served as Executive Vice President since 1961. He has helped to build U.S. export sales of feed grains to record size. He has traveled extensively abroad and is intimately acquainted with foreign trade problems affecting U.S. agriculture. His experience includes many years of administrative service in USDA's agricultural programs, both in Minnesota and in Washington, D. C.

In the continued story of world wheat trade, the installment for 1968-69 tells of smaller import requirements, record exportable supplies, and carryover stocks on the increase.

World Wheat Trade May Hit 6-Year Low

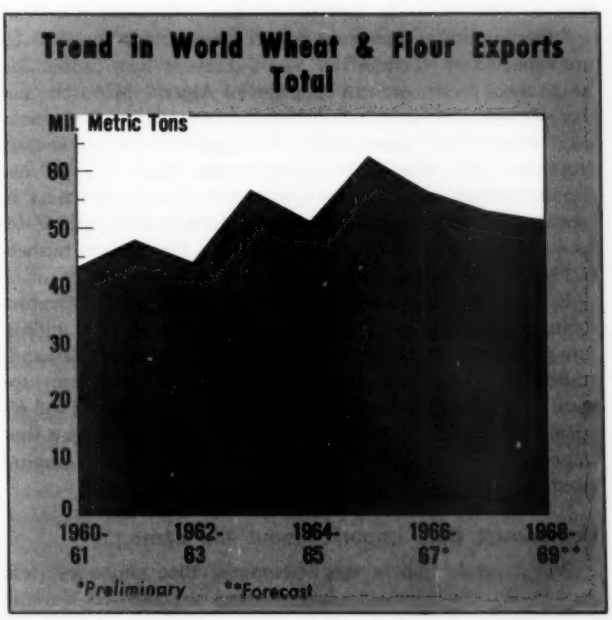
Based on current indications, world wheat trade in 1968-69 will be the lowest since 1964-65, and possibly the lowest since 1962-63. While import needs in Western Europe and the Far East are well above recent years, this rise is more than offset by a large decline in requirements in India and Pakistan. Communist Bloc imports are expected to be little changed from 1967-68, and some 125-150 million bushels (3.5-4.0 million metric tons) less than the average of the past 5 years. Meanwhile, because of larger crops and the low trade volume, exporting countries face a net stocks increase of about 600 million bushels (16-17 million tons) by next June 30—the largest ever over a single year.

A major cause of these developments, of course, is the 1968 world crop outturn. Record yields brought surprisingly large crops in India and Pakistan, though a poor Durum wheat harvest brought greater importing requirements for Italy and France. Australia has harvested a record crop—at least 60 percent larger than its average domestic-and-export disposition of recent years. Elsewhere among the exporting countries, crops were average or above, and such was also the case in the Communist Bloc countries, despite earlier reports of drought in the Danube Basin countries and parts of the USSR.



Imports decline in India and Pakistan

During the past 4 years, exports by all sources to India and Pakistan have ranged between 300 million and 330 million bushels (8.4-8.9 million tons), compared with only 145-235 million (4.0-6.4 million tons) in the preceding 4-year period. Approximately 90 percent of these shipments have been under concessional terms. This year in India and Pakistan, the introduction of new varieties, the increased application of fertilizers, the introduction of new price incentives, and favorable weather have combined to bring a total wheat harvest of 850 million bushels (23 million tons) in these two countries, an increase of nearly 265 million over last year. Import requirements are thus sharply reduced, although increasing population and the need to replenish buffer



stocks are expected to hold the import decline to only around 100-150 million bushels below last year's 328 million bushels (8.9 million tons).

Other Free World imports to increase

Over the past several years the level of that portion of world trade which excludes imports by India, Pakistan, and the Communist countries has shown only a slight uptrend, reaching about 1.2 billion bushels (32.5 million tons) in 1967-68. In the current year, an increase of 30-50 million bushels is expected, virtually all because of Western Europe, where imports of wheat were abnormally low in 1967-68.

Production of wheat in 1968 in the EEC was 3 percent larger than the 1967 record, but import requirements from third countries are estimated to be around 20 million bushels larger than in 1967-68, mainly owing to the reduced Durum wheat crop in Italy. Normally, the EEC buys about 140-150 million bushels a year (4 million tons) from third countries, thus ranking about equal with Japan and the United Kingdom as an importer.

Among other countries in Western Europe, the United Kingdom will take somewhat more than last year, since its 1968 harvest was about 10 million bushels smaller and also of lower quality. An 18-percent crop decline will cause Greece to be a small net importer of wheat in the current year, even though during the past 2 years it has been a net exporter. The Yugoslav wheat crop in 1968 was down by 9 percent or about 16 million bushels, but since carry-in supplies were quite ample, imports, if any, are likely to be less than 10 million bushels. In the remaining countries of Western Europe, total 1968-69 import requirements are unlikely to differ noticeably from the 45 million bushels (1.2 million tons) purchased in 1967-68.

After a period of steady increases, imports of wheat by Japan leveled off during the past 2 years at around 145-150 million bushels (4 million tons) and they are forecast at about the same level again in 1968-69. The combined markets of Korea, Taiwan, and the Philippines have grown from 38 million bushels in 1960-61 to 58 million in 1965-66 and 84 million in 1967-68, and a further increase is expected this year.

Other important changes in import requirements for 1968-69 are expected in North Africa and Turkey. Wheat production in the three North African countries of Algeria, Morocco, and Tunisia this past season is estimated to have reached about 50 million bushels more than in 1967, and imports will decline from the approximate 70-million-bushel level of 1967-68. Turkey, which has been close to self-sufficiency in wheat in recent years, may import close to 20 million bushels in 1968-69 as a result of a drop in production from 330 million bushels in 1967 to 309 million in 1968.

In Latin America, where countries other than Argentina annually account for about 195 million bushels (5.3 million tons), or roughly 12 percent of Free World import demand, trade is expected to continue its very gradual long-term upward trend. Crop changes are having little effect upon 1968-69 trade, although recent reports of drought in Chile suggest that import needs in that country may be unusually large in coming months.

Communist Bloc imports about the same

Wheat production in the Communist Bloc countries (less the USSR) has been estimated at about the 1967-68 level of

1.7 billion bushels (46.4 million tons), and imports by these countries (including the USSR) are now expected to remain close to last year's 420 million bushels (11.4 million tons). Shipments by Free World countries to Eastern Europe and the USSR are likely to be below 1967-68, but USSR shipments to the East European countries will be up from last year's level of about 130 million bushels by virtue of larger commitments to Czechoslovakia and Poland.

Production in Eastern Europe is estimated at about 750 million bushels (20.4 million tons), virtually the same as in 1967. Output was up in the more northern and predominantly importing countries of East Germany, Poland, Czechoslovakia, and Hungary, but down by an offsetting amount in the exporting countries of Romania and Bulgaria to the south. Consequently, the northern group may decrease imports slightly, but sizable added purchases by Bulgaria may still result in a net increase in imports for the total area.

The 1968 harvest in the USSR has been put at about 2.8 billion bushels (75 million tons), 400 million above 1967 and second only to the 3.1 billion bushels harvested 2 years ago. The USSR will therefore probably be able to maintain exports at at least last year's level and also to add to the level of stocks accumulated over the past 2 years. The USSR still has about 150 million bushels remaining to purchase from Canada under the terms of a 3-year agreement that expires in July 1969. No contract has yet been made with Canada for the purchase of this balance.

Mainland China to import more

In 1967-68, shipments by Free World countries to Mainland China dropped to a 6-year low of 153 million bushels (4.2 million tons), but with balances remaining from old contracts and a new contract with Canada for 58.5 million bushels, commitments to date for shipment in 1968-69 already total between 110 million and 130 million bushels, not including

last week's sale of 82 million by Australia for shipment between February 1969 and March 1970. This sale should put Mainland China's 1968-69 imports above those of 1967-68.

Export supplies at record level

Supplies available for export and/or carryover for the current July-June season in the United States, Canada, Australia, Argentina, and the EEC are estimated at a record level of 3.8 billion bushels [1] (105 million tons), more than double the expected level of world trade and roughly 550 million bushels (15 million tons) more than was available last season. In addition, the USSR, Spain, and Sweden have as much to export as in 1967-68 or more.

Supplies available for export and/or carryover as of January 1, 1969, in the United States, Canada, Australia, Argentina, and the EEC have been estimated at 3.2 billion bushels, up 600 million bushels from last January and 850 million bushels from 2 years ago. All of the exporters have shared in this gain in exportable supplies, the increase from a year ago being greatest in Australia (220 mil. bu.), and smallest in Argentina.

The situation currently developing in world stocks differs from that of the late 1950's and early 1960's mainly in that less of the stocks are concentrated in the United States. By mid-1969, for example, it is expected that combined stocks (for export and carryover) in Canada, Australia, and Argentina will be around 1.2 billion bushels (33-34 million tons), as against a previous record of about 900 million (25 million tons) and an average of around 765 million (21 million tons) during the late 1950's and early 1960's. U.S. stocks, on the other hand, will be well below those of earlier periods when world stocks were heavy.

The three big U.S. competitors

Canadian supplies of wheat available for export and/or carryover in 1968-69 (July-June) total 1.2 billion bushels (33 million tons), 15 percent up from a year ago when exports were 327 million bushels. During July-December 1968, Canada's exports totaled about 185 million bushels, or about 37 million over the pace of a year ago. One of the major factors in the Canadian export outlook is sales to the Communist Bloc countries. In 1967-68, Canada exported 130 million bushels (3.5 million tons) to all Communist countries, and 2 years ago 246 million bushels (6.7 million tons). In the current year, however, Canada has signed contracts only with Mainland China for 58.5 million bushels (1.6 million tons) and with Poland and Hungary for rather small amounts. Thus, the outturn of Canada's carryover level still depends heavily upon the size of further sales to the USSR or other Communist countries.

The recent Australian harvest is estimated at about 525 million bushels. Allowing for July 1, 1968, supplies and 12 months' domestic requirements, Australian supplies available for export and/or carryover (July-June) total 550 million bushels, 175 million over last year and 80 million higher than the previous high in 1966-67. In 1967-68, Australian exports totaled 255 million bushels (7 million tons), with Mainland China accounting for 35 percent of the total. Exports during July-December were 55 million bushels behind those of a year ago, but the new sale to Mainland China could possibly wipe out that difference during the second half of the year.

Early expectations for a bumper harvest in Argentina were dashed by a period of drought, and current prospects are for a harvest of no more than 265 million bushels, or slightly below last year. However, supplies last July 1 were around 90 million bushels, and allowing for domestic requirements, the amount available for export and/or carryover in the current July-June season will be around 200 million bushels. During the past 2 years, Argentine exports were 114 million and 50 million bushels respectively. During July-December 1968, Argentine exports, at 42 million bushels, were up about 37 million bushels from July-December 1967.

The EEC and smaller exporters

The EEC has been a net exporter of wheat in its trade with third countries during the past 5 years, generally importing high-quality blending wheats and Durum wheat and exporting indigenous soft wheat and flour. Also, at the same time, the amount of indigenous wheat being traded among the member countries has been increasing, especially since the removal of intra-EEC trade barriers on July 1, 1967. Total EEC wheat output in 1968 was up about 34 million bushels over 1967, and since carry-in stocks were also up by about 70 million bushels, the amount available for export to third countries in 1968-69 stands well above a year ago. Licenses issued for exports to third countries during the first 6 months of the current year total approximately 73 million bushels, up slightly from last year, when exports to third countries for the entire year reached 160 million bushels.

As for the USSR as an exporter, the recent good crop could allow stepped-up exports from last year's 200-million-bushel level (5.5 million tons), but thus far this does not appear likely, at least to Free World countries. Of the 1967-68 total, only around 45 million bushels was exported to Free World countries, including 25 million to the UAR. So far this year, sales of USSR wheat in Western European markets appear to be no greater than last year's, and there have been no reports of a repeat of last year's sales to the UAR.

Among the other smaller exporters, Spain and Sweden will probably export as much as last year, but Greece and Mexico will ship much less. Romania has already sold 13 million bushels (350,000 tons) of wheat for export; that may be the extent of its export availabilities this year, although during the past several years it has exported around 22 million bushels annually. Bulgarian exports also are expected to be sharply reduced from the 16-million- to 20-million-bushel levels (400,000 to 500,000 tons) of recent years.

U.S. export level

During the first 6 months of 1968-69, U.S. wheat and flour exports reached about 300 million bushels, about 100 million under the same period of 1967-68. Over the same two periods, U.S. shipments to India and Pakistan fell by 93 million—nearly the same amount. Total U.S. shipments to other Free World markets, meanwhile, are down slightly, thus indicating that even though import requirements in those areas are up moderately from 1967-68, the heavier competition from other suppliers has thus far prevented any gains by the United States. Shipments to Yugoslavia, Japan, Brazil, and Peru in July-December were down by a total of about 32 million bushels from a year ago. Among other Free World destina-

[1] This figure includes an estimate of supplies available for export and/or carryover on July 1, plus production, less domestic requirements adjusted to the July-June year.

tions, however, there were increases totaling nearly the same amount. For example, shipments to other Latin American destinations were up by about 10 million bushels; those to Korea, by about 6 million; those to the EEC, by 8 million.

For the balance of the year, a number of very important factors will come to bear, beyond the broad dimensions of the world supply-demand situation. These make it extremely difficult to predict the volume of second-half shipments, and, hence, total U.S. export volume for 1968-69. One factor is the stalling of east and gulf coast port movements by strike for some weeks. Another is Japan, largest single commercial market for U.S. wheat, where competition from both Australia and Canada has intensified and where purchases of U.S. wheat (for January and February shipment) were recently suspended for a period of about 2 months. Now that purchases have resumed, it is possible that some of the lost ground will be recovered.

A third critical factor in the balance of this year's outlook is the volume of U.S. food aid shipments. To some extent, this volume may be varied in a manner that neither affects nor depends upon the broader world supply-demand situation. Food aid shipments during July-December at about 130 million bushels were exceptionally low; some step-up could occur during the second half, provided that the port situation permits, but the total for the year will still be well below that of a year ago.

Latin American Agricultural Production Indices—1968

This is the final article in a series of four that give regional and country information on agricultural production performance in 1968. The index numbers and other figures presented here are based on preliminary crop estimates available before December 1968. Revised estimates received from countries during 1969 will be used to adjust figures and indices.

Preliminary world indices and some regional trends were given in Foreign Agriculture, *January 6, 1969, page 4; figures for Africa and West Asia were in the January 13 issue, page 6; an analysis of the Far East and Oceania was published January 20, page 7; and materials on Europe and the Soviet Union appeared January 27, page 6.*

Both agricultural and food output in 1968 were up moderately from 1967 in Latin America, but output per person declined. The preliminary index of total agricultural production for 23 Latin American countries increased 1.7 percent to a record of 129 while the per person index fell about 1 percent to 97 (1957-59=100). Although the food production index rose 1.5 percent to a record of 137, it did not keep pace with the region's high rate of population growth.

Mexican agricultural production resumed a strong rise as its index of production moved upward 5.5 percent in 1968 to a record 154. A smaller 1968 Mexican wheat harvest was more than offset by gains in cotton, oilseeds, and livestock products.

Central American production continued the 1967 uptrend as its index increased from 149 to 154. A smaller coffee crop resulted from hot, dry weather near harvest, and sugar production declined. However, a resurgence of cotton production and continued expansion of corn and banana output helped to maintain the rising agricultural trend.

Unusually dry weather, extending to near midyear, reduced yields of early crops in the northern Caribbean. Lower sugar production contributed to a decline in agricultural output in the Dominican Republic and Jamaica that more than offset gains in the southern Caribbean.

In South America lack of rain early in the year lowered output in important producing areas of the central and southern Andes, Argentina, Brazil, and Uruguay. In Brazil dry weather through April reduced yields of grain and oilseed crops in the south; and the 1968 coffee harvest was down sharply from 1967. However, these reductions were more than offset by larger crops in other areas of the country and by a record 1968 cotton harvest. In Argentina the same early drought held down 1968 output of corn and oilseeds; but these losses were balanced by gains in the outturn of wheat, other cereal crops, and livestock products.

Severe drought reduced 1968 food and total agricultural output in Ecuador and Peru. Chile has been much affected by the same drought; and though its agricultural production index rose from 1967 to 1968, the index is expected to show a sharp drop in 1969.

In other areas of South America, particularly in Colombia, agricultural production maintained favorable trends. In South America as a whole, the index of production increased about 1.6 percent from 1967 to 1968 and the 1968 number is estimated at 127.

The current outlook for 1969 is for expanded supplies of wheat, cotton, and meat to be available from the principal Latin American exporting countries. Export supplies of feedgrains may also continue at relatively high levels; but some reduction of quantities of edible oils may occur. A continued strong food demand in most importing countries in Latin America and lower production in the Caribbean and Andean regions, however, indicate a possible rise in the region's imports during 1969.

—HOWARD L. HALL
Economic Research Service

AGRICULTURAL PRODUCTION INDEX NUMBERS FOR SELECTED COUNTRIES, CALENDAR YEARS 1964-68 (1957-59=100)

Region and country	Total agricultural production					Agricultural production per person				
	1964	1965	1966	1967	1968[1]	1964	1965	1966	1967	1968[1]
Mexico	133	143	145	146	154	109	113	111	108	110
Caribbean	88	95	86	93	92	76	80	71	75	72
Cuba	79	89	75	87	87	70	76	63	71	69
Dominican Republic	104	101	106	106	100	84	79	80	77	70
Haiti	89	90	85	85	89	79	79	73	71	73
Jamaica	120	124	124	116	109	108	109	106	97	88
Trinidad and Tobago	106	114	113	112	120	88	92	90	87	90
Central America	140	142	142	149	154	115	113	109	111	111
Costa Rica	110	114	129	136	152	88	88	96	98	106
El Salvador	143	125	131	139	135	119	101	102	105	98
Guatemala	140	161	146	155	158	115	128	112	115	114
Honduras	126	134	124	137	143	104	107	96	102	103
Nicaragua	197	182	190	186	197	164	146	147	139	142
Panama	118	136	135	138	144	98	109	105	104	105
South America	113	128	121	125	127	96	106	97	98	97
Argentina	114	104	111	119	119	103	93	98	103	101
Bolivia	111	109	111	107	113	97	93	93	87	90
Brazil	109	141	123	127	129	91	115	97	97	96
Chile	112	111	111	114	119	98	95	92	93	95
Colombia	111	118	115	121	125	92	95	89	91	91
Ecuador	125	132	138	145	141	103	106	107	109	102
Guyana	116	127	126	138	138	98	104	101	107	104
Paraguay	112	116	112	117	122	95	95	89	90	91
Peru	130	128	129	123	119	109	104	102	94	88
Uruguay	123	119	110	97	99	113	108	99	86	87
Venezuela	136	144	150	160	162	110	113	113	117	114
23 Latin American countries	115	128	122	127	129	97	105	97	98	97

[1] Preliminary; based on information available before December 1, 1968.

In next decade

Upsurge in Japan's Food Imports Expected

By LEON G. MEARS
Assistant U.S. Agricultural Attaché
Tokyo

Japan's demand for agricultural products will continue to outstrip production over the next decade, according to a report recently released by the Japanese Ministry of Agriculture and Forestry—"1977 Long-Range Outlook for Supply and Demand of Agricultural Products in Japan." The resulting rise in import needs by 1977 will include: 86 percent more soybeans, 21 to 22 percent more wheat, 67 percent more feedgrains, and sharp increases of many other farm products.

These and other projections of the Ministry shown in the top table at right were premised on (1) a continuation of the rapid growth of the Japanese economy, and (2) a continued increase of 7 to 8 percent a year in per capita consumer spending. Also used in developing the projections were past relations between expenditures for food items and their consumption and population increases.

The 1977 demand for meat, milk, and fruits was difficult to project because of rapidly changing consumption trends. Therefore the ranges between minimum and maximum demand for these commodities are particularly wide, and import need projections vary accordingly.

Self-sufficiency decreasing

Japan's 1969 population of 102 million—half that of the United States—is compressed into an area smaller than California. The principal agricultural problem of too little land for too many people is further aggravated by infertile soils and rugged topography. Only 16 percent of the total land area is considered cultivable. Consequently, the Japanese have traditionally concentrated on production of such high-calorie-yielding crops as rice and depended on the sea for much of the country's animal-protein supply.

The primary aim of the land-scarce Japanese agricultural technology in the past has been to increase yields. The heavy pressure of population on the land has resulted in the liberal use of labor and capital inputs. Double croppir , while declining, is still a common practice, and 57 percent of the farmland was irrigated in 1967. About five times as much fertilizer per acre is applied annually as in the United States; thus the cost of increasing yields from current high levels will be high.

Fast becoming a constraint on agricultural production is the growing labor shortage in rural areas. Japanese farmers are shifting to nonfarm employment at a record pace. In 1948, 47.3 percent of the labor force was engaged in farming; today this proportion has dwindled to 19 percent. Nonfarm wages are about twice the level of farm wages and the disparity in wages has widened in recent years.

Despite the rapid exodus of labor from the farm sector, number of farms in Japan is trending downward slowly, and average size of a farming unit—now 2.4 acres—is not changing appreciably. Because mechanization of these small farms is difficult the farm labor shortage will surely worsen.

Largely because of the factors discussed above, the Ministry of Agriculture and Forestry estimates that the self-sufficiency level in total agricultural production in 1977 will be about 75 percent, compared with about 80 percent in 1966. Production of the all-important rice crop is expected to fall 15 percent and output of wheat, soybeans, barley, and several other crops to decline even more. Production of meat, milk, and eggs will show sizable increases, and imports of feedgrains to support this growth will jump sharply.

The projected rice production in 1977 is equivalent to 12.44 million tons of brown rice. This estimate is considerably below the 14.45 million metric tons of brown rice produced in 1967 and in 1968. The 1977 forecast is predicated on a 1-percent annual decline in demand for rice during the next decade and an effort to bring production and consumption in balance.

The significantly lower rice crop projection for 1977 reflects the government's stated policy of encouraging rice farmers to shift to production of alternative crops. To date, little success has been attained in accomplishing this shift because of the high government purchase price of $13.88 per hundredweight—a strong incentive to stay in the rice business. The

JAPAN'S PROJECTED IMPORT REQUIREMENTS OF SELECTED AGRICULTURAL COMMODITIES IN 1977

Commodity	Domestic production	Demand	Import requirements
	1,000 metric tons	*1,000 metric tons*	*1,000 metric tons*
Rice	12,442	12,442	0
Wheat	795	5,790– 5,848	4,995– 5,053
Soybeans	121	4,149	4,028
Other pulses	320	466	146
Feedstuffs [1]	5,243	18,142	12,908
Barley	902	1,995– 2,058	1,093– 1,156
Peanuts	187	284– 295	97– 108
Sweetpotatoes	2,639	2,605– 2,673	([2])
Potatoes	3,639	3,625– 3,653	([2])
Vegetables	17,447	17,175–17,528	([2])
Fruits	9,725	10,786–11,693	1,061– 1,968
Milk	8,099	8,442– 9,281	343– 1,182
Meat	2,300	2,439– 2,771	139– 471
Eggs	1,907	1,887– 1,987	80

[1] Does not include roughages or feed barley but includes other feedgrains, soybean meal, and alfalfa pellets.
[2] Imports negligible or small, depending on demand trend.

JAPAN'S PROJECTED IMPORT NEEDS IN 1977 COMPARED WITH IMPORTS 1967, SELECTED COMMODITIES

Commodity	Imports		
	1967	Projected needs, 1977	Increase, projected 1977 over 1967
	1,000 metric tons	*1,000 metric tons*	*Percent*
Wheat	4,130	4,995– 5,053	21– 22
Soybeans	2,170	4,028	86
Feedstuffs [1]	7,740	12,908	67
Meat [2]	120	139– 471	16–293
Pulses	136	146	7

[1] Includes corn, grain sorghum, alfalfa pellets, wheat bran, and small quantities of oats and soybean meal.
[2] Includes imports of 8,400 tons of poultry, 13,793 tons of beef, and 97,489 tons of lamb and mutton.

government's old rice stocks are expected to exceed 5 million metric tons by November 1, 1969, unless current efforts to export sizable quantities are successful.

Changing food habits

Per capita daily caloric intake, which has increased each year since 1956, is expected to be between 2,600 and 2,700 by 1977—compared with 2,456 calories in 1967.

However, past trends and future projections indicate that the major changes will not be in volume of food consumed but in eating habits. The past trend toward lower per capita consumption of starchy foods and higher intake of animal-protein foods and fruits and vegetables is expected to continue. Also, fat consumption is expanding rapidly.

The sharp rise in personal disposable income is considered the primary factor behind the changing food consumption pattern. Per capita consumer expenditures have increased at an annual rate of 7 to 8 percent since 1955, with lower income groups showing the highest gain. Labor shortages in recent years have aided these groups in getting larger year-to-year increases in wages. The urbanization trend, improvements in the supply and distribution system, and broadened knowledge of nutrition have also contributed to the changing food consumption pattern.

Implications for U.S. exports

Japan's imports of food and agricultural raw materials in 1967 were valued at about $3.3 billion (c.i.f. basis), of which about 31 percent—$1.03 billion—came from the United States. Japan is the U.S. farmer's best overseas customer in total and for many individual commodities, including feedgrains, soybeans, and wheat. Therefore, future import requirements will have a significant impact on U.S. farm exports.

JAPAN'S FOOD CONSUMPTION

Category	Consumption per capita per day in—		
	1955	1964	1967
	Calories	*Calories*	*Calories*
Starchy foods	1,666.5	1,569.6	1,471.7
Animal foods	135.7	221.9	273.5
Fruits and vegetables	89.3	125.8	138.3
Other	348.2	492.7	572.5
Total	2,239.7	2,410.0	2,456.0
	Grams	*Grams*	*Grams*
Protein, total	66.1	70.6	74.7
Animal	16.8	23.5	28.2
Vegetable	49.3	47.1	46.5
Fats	22.3	39.0	46.4

Japan Ministry of Agriculture and Forestry.

It could well be that Japan's import requirements for feedgrains to support the expanding livestock and poultry industries and for meat will both exceed the 1977 projections by a substantial margin. In the past the Ministry of Agriculture and Forestry has tended to underestimate demand for several commodities, particularly animal-protein foods. Consequently, retail food prices have shown very sharp increases, and increasingly powerful consumer groups are demanding that more imports be allowed, to stabilize prices.

For most U.S. agricultural exports to Japan, a buyer's market exists, with alternative sources of supply for all or part of Japan's needs. Successful sellers in this market must understand the Japanese system of doing business and be competitive in such matters as price, quality, reliability, financing, and promptness of delivery. U.S. businessmen have done well in meeting these selling requirements in the past and are expected to continue to do so.

Loans To Help Senegal Raise Peanut and Millet Output

The World Bank and its affiliate the International Development Association are lending $9.5 million to Senegal to finance a project that will continue a program begun in 1964 to increase the production of peanuts, the country's chief export, and millet, the staple food. About 1 million people, over a quarter of the population, are affected by the program, which is intended to result in a steady increase in farm incomes and government revenues.

Under the project, which will be carried out over a 3-year period, credit will be provided to cooperatives through the Banque Nationale de Développement du Senegal (BNDS) for the purchase of simple animal-drawn farm implements, for some draft animals, and for fertilizer. Part of the fertilizer will come from a new factory which was partially financed by the World Bank's affiliate the International Finance Corporation.

Funds will be provided for consultants to assist in the management of the cooperatives' supply and marketing institution; at the end of the 3 years the institution may be able to operate efficiently with trained Senegalese staff and with a minimum of assistance from expatriate staff. Funds will also be provided for some technical services for cooperatives and for overseas fellowships for training staff of the cooperatives' institution. A Project Coordinating Committee is now being formed to insure close cooperation among the many organizations involved in the execution of the project.

The total cost of the program over the 3-year period is estimated at the equivalent of US$24 million. The Bank and IDA loans will contribute about 39 percent of the total, farmers about 16 percent, and the government—both directly and through BNDS— will provide the balance of 45 percent.

The Bank Loan, for $3.5 million, will be for a term of 30 years, including 10 years of grace, with interest at 6½ percent. The IDA credit of $6 million, will be for a 50-year term, including 10 years of grace. It will be free of interest, but a small charge will be made to cover IDA administrative costs. About three-quarters of the proceeds of the loan and credit will be re-lent to BNDS at a rate of 3½ percent for a period of 14 years, for lending to farmers. The balance of the funds will finance consultants' services and technical assistance.

Agriculture employs over 85 percent of Senegal's population of 3.6 million and is likely to continue to be the mainstay of the economy for many years. Peanuts are the one important cash crop and the main source of foreign exchange, accounting for nearly two-thirds of exports. The other main crops, produced for internal consumption, are millet, cassava, and rice. Total area cultivated for peanuts has increased over 60 percent in the past 15 years; annual production in 1967 was just over 1 million tons, making Senegal the world's fifth largest producer.

U.S. Feedgrain, Soybean Exports Face Difficulties

During the second half of 1968-69, the United States will be hard pressed to maintain its feedgrain and soybean exports to Belgium, Denmark, West Germany, Italy, Spain, the United Kingdom, and Yugoslavia at the 1967-68 level. Such was the report of a feedgrain-soybean export team that recently returned from a trade mission to these seven countries.

The feedgrain section of the team cited increasing competition from other exporting countries and rising production in several of the nations visited as reasons for concern about the future of the market. The soybean section noted a buildup of vegetable oil stocks in several countries and stiff competition from other oilseeds and olive oil.

Feedgrain outlook in general

The feedgrain group visited Belgium, Germany, Italy, Spain, and the United Kingdom. It is evident, the members reported, that high grain prices in the European Economic Community are not only encouraging uneconomic production of grains, but are also restricting the increase in per capita consumption of livestock products. Also, high grain prices and the variable levy system are encouraging the utilization of nongrain ingredients for livestock feeding and restricting feedgrain trade.

Members of the group indicated that while the outlook is promising for livestock expansion, particularly in Spain and Italy and to a lesser degree in the United Kingdom, U.S. feedgrains face strong competition from other exporting countries and from grain substitutes.

Quality and price are prime considerations, the team pointed out. As the supply of corn offered by competitors becomes more plentiful and substitutable grains more available on the Continent, we will face even stiffer competition.

The team found that U.S. corn arriving at final destinations in Europe sometimes has a higher percentage of broken kernels than desired. This is partly the result of the large volume of transshipments occurring in Europe and the use of high-speed handling equipment at some European ports. The problem was aggravated this past year by the late 1967 U.S. corn crop, which was harvested at above-average moisture and required more artificial drying than usual. The team recommends continuing production and marketing studies in cooperation with industry and producers to ascertain ways in which the production and handling of corn can be improved to overcome the broken-kernel problem.

Members of the group were able to impress upon importers the fact that the 1968 U.S. corn crop is much superior in quality to those of recent years. They pointed out that it is being harvested with a much lower percentage of moisture, resulting in less need for fast drying at high temperatures.

Feedgrains, country by country

Here is a capsule outlook for U.S. feedgrain exports for the near future in the five countries visited by the feedgrain section of the mission:

Belgium.—U.S. feedgrain exports to Belgium and Luxembourg are declining and the outlook is not encouraging. Mixed feed production is increasing, but domestic and French feed wheat are being used to offset the need for larger feedgrain requirements. Belgium-Luxembourg bought 600,000 tons of corn and 300,000 tons of grain sorghum from the United States in fiscal 1968.

Germany.—The U.S. share of West Germany's feedgrain market in fiscal 1969 is expected to fall to about 1.5 million tons compared with 1.7 million in fiscal 1968. Corn accounts for over ninety percent of U.S. feedgrain exports to West Germany. Imports of U.S. corn by West Germany during FY 1969 are forecast at 1.4 million tons.

Italy.—The United States, which sold 2.1 million tons of feedgrains to Italy in fiscal 1968, will find it difficult to maintain this level in fiscal 1969. The expected improvement in the quality of the 1968 U.S. corn crop, however, will be a decided plus.

Spain.—Increased domestic production of feedgrains, use of wheat for feed, high tariff protection, and increased foreign competition add up to a doubtful outlook for increased U.S. feedgrain use in Spain. The U.S. share of Spain's feedgrain imports, which amounted to 1.0 million metric tons in fiscal 1968, is expected to decline in fiscal 1969.

United Kingdom.—Imports of U.S. feedgrains probably will remain at about the present level. French corn is competing strongly for the British market and arrives with fewer broken kernels than U.S. corn. The United Kingdom is seeking self-sufficiency in grain production to meet the proposed expanded livestock production. If the grain production targets are met, the United Kingdom will continue to import at present levels with increased demand met by local output.

Soybean outlook in general

The soybean section visited Denmark, Italy, Spain, the United Kingdom, and Yugoslavia. In each of these countries U.S. soybeans and soybean products are facing stiff competition from butter, other oilseeds, and vegetable oils, including olive oil and marine oils. There has been a buildup of oil stocks in several countries and also a tendency toward accelerated importation of soybean meal at the expense of soybeans, particularly in Spain. This trend is expected to continue in 1969 in both Spain and Italy.

Crushing margins for soybeans and other oilseeds have improved in recent months, a fact that should improve U.S. soybean export prospects to the United Kingdom. U.S. soybean exports to Denmark should also be well maintained. Yugoslavia may initiate imports of U.S. soybeans in 1969; imports of U.S. soybean meal should approximate last year's.

The quality of U.S. soybeans and soybean products did not appear to be a problem in any country the team visited. In Italy, however, because of internal blending of soymeal, the mixed-feed manufacturers are seriously considering handling their own imports.

Soybeans, country by country

The team summarized as follows the outlook for continued exports of soybeans and soybean products to the five countries it visited:

Denmark.—U.S. 1968-69 exports of soybeans to Denmark are expected to approximate the 1967-68 record level of 16 million bushels. The United States is expected to remain the only significant supplier of soybeans, although small quantities may continue to be imported from Mainland China and Brazil. Soybean meal also should approximate the 1967-68 level of about 66,000 short tons.

Italy.—In 1968-69, U.S. exports of soybeans to Italy may

not rise above the 1967-68 level of 14.8 million bushels; they may even decline moderately. U.S. soybean meal exports, however, should continue to expand in 1968-69 and may approach a record level of 220,000 short tons, or 30,000 tons above last year's level.

Spain.—Exports of U.S. soybeans to Spain in 1968-69 may approximate the 29 million bushels of 1967-68. The key factor in determining the 1968-69 import level appears to be the level at which the Government of Spain decides to maintain the subsidy to Spanish importers. Import prospects for soybean meal are markedly improved for the 1968-69 season and could exceed 100,000 short tons, against only 15,000 tons last year.

United Kingdom.—Soybean imports in 1968-69 may show a substantial increase over last year's 4 million bushels and may approximate 6 million to 7 million bushels; soybean meal should approximate last year's level of 82,000 short tons.

Yugoslavia.—While Yugoslavia has been a significant importer of U.S. soybean oil, there appears to be little prospect for such trade in the 1968-69 season. Yugoslavia has been an important market for U.S. soybean meal, but U.S. exports to that country in 1968-69 may not exceed 110,000 short tons, or about the level of the previous season. The country's first soybean processing plant, being built at Obrenovac, will initially process only domestically produced soybeans. Long-term U.S. soybean export prospects to Yugoslavia look encouraging, however.

Members of the soybean-feedgrain trade mission were:

James A. Hutchins, Jr., Acting General Sales Manager, Foreign Agricultural Service, USDA, team leader; Truman J. Cunningham, Director, Commodity Operations Division, Agricultural Stabilization and Conservation Service, USDA, feedgrain group leader; George E. Wanamaker, Chief, Foreign Competition Branch, Fats and Oils Division, FAS, USDA, soybean group leader.

Trade members—A. H. Becker, assistant vice president, Bunge Corp., New York, N. Y.; James Layton, vice president, St. Louis Grain Corp., St. Louis, Mo.; Oakley Ray, vice president, American Feed Manufacturers Association, Arlington, Va.; Lowell Kenneth Rasmussen, president, Honeymead Products Co., Mankato, Minn.

Producer members—A. W. Anthony, Jr., president, Grain Sorghum Producers Association, Amarillo, Tex.; Fred Ludwig, Laurens, Iowa; Leslie Tindal, Pinewood, S. C.

Marketing Becoming Pakistan's Chief Grain Problem

New high-yielding varieties of wheat and rice are causing a big change in Pakistan's foodgrain situation. Increased planting of these varieties plus favorable weather brought the country's total per capita foodgrain availability to 15.1 ounces a day in 1967-68 and 15.0 ounces in 1968-69—the highest in recent years although below the 1948-49 level of 15.8 ounces. Assuming continued favorable weather and use of the high-yielding varieties, the problem of the future may not be adequate production, but distribution and marketing of the sufficient—and possibly surplus—foodgrains produced.

According to projections to 1974-75 by the Government of Pakistan, based on continued expansion of the high-yielding Mexi-Pak variety of wheat, the country as a whole will reach self-sufficiency in wheat—and even have a small surplus—in 1970-71. From that year onward, production and the surplus will continue to grow. For West Pakistan alone—where virtually all the country's wheat is produced—the government's projections show a surplus of 1.1 million long tons in 1969-70, assuming production of 7 million tons. Most officials are now talking in terms of a 6.5-million-ton production, which would still cause a surplus in West Pakistan. The projections for rice, assuming success with the high-yielding IRRI variety, show production exceeding requirements by 1.22 million tons in 1968-69 for the country as a whole, with the excess becoming progressively greater to a level of 8.76 million tons by 1974-75.

Should these surpluses materialize, Pakistan would face the problem of either curtailing production or finding export markets. Both solutions to the dilemma of surpluses pose serious problems for the government, as does the question of financing shipments of wheat from West Pakistan to East Pakistan, which produces virtually none.

Considering the current favorable economic climate for production—a high support price and subsidized production inputs—the expansion in wheat production is not likely to slow down, at least through 1970. Even with a less favorable economic climate, the expansion in wheat production would probably continue since farmers in West Pakistan have very few crop alternatives open to them.

Should wheat production increase at the rate anticipated and exports become necessary, Pakistan could not compete in the world market without heavy export subsidies. To begin with, the current domestic floor price of about $2.60 per bushel is much higher than the world market price. Secondly, production is increasing in other traditional wheat importing countries, possibly reducing the volume of imports needed and forcing Pakistan to compete with major wheat exporters in a less dynamic market.

The increase in wheat production in West Pakistan also means that the government will have to look at the problem of supplying East Pakistan. East Pakistan has traditionally been a rice-consuming area. However, because of shortages of rice in the past, this area has had to rely on imported wheat —largely from the United States under Public Law 480—to fill its foodgrain needs. As a result, a substantial wheat-eating community has developed, consuming about 700,000 tons annually. Indications are that East Pakistan's wheat consumption could increase further if the wheat were made available.

The problem with rice is not only one of quantity but also one of quality. There has been widespread concern that the quality of the new rice varieties currently grown may not be good enough to make them competitive in the world market. This is also true of the varieties traditionally grown in Pakistan, except for superior grades. Even if the quality of the rice were good, Pakistan would have to improve its milling facilities before it could consider exporting any sizable amount.

At the present time, exportable rice is produced only in West Pakistan although by far the largest rice acreage and production are in in East Pakistan, which also expects the biggest increases in output and the biggest surpluses. As is the case with wheat in West Pakistan, it would be difficult for rice farmers in East Pakistan to shift to other crops.

—Based on dispatch from THEODORE R. FREEMAN, JR.
Assistant U.S. Agricultural Attaché, Rawalpindi

Australia's Record Wheat Harvest Causes Jam

As the 1968-69 Australian wheat harvest progresses, farm and commercial storage space in some areas is disappearing under an avalanche of grain. Estimates now are that the total Australian crop will be around 525 million bushels, or close to double the 1967-68 drought-reduced harvest of 277 million bushels and nearly 58 million bushels greater than the last record crop, 467 million bushels in 1966-67.

The Australian Wheat Board's silos are not adequate to handle the influx in the southern, or soft wheat, areas. In many districts, particularly those harvesting late for their areas, available commercial storage is already choked; large volumes of wheat are being temporarily held on farms and in trucks until storage unclogs.

In Queensland and northern New South Wales the hard wheats grown in the region are being shipped to Europe, Britain, and Japan as fast as the handling system permits. Storage in the hard wheat areas is rather full but is not taxed beyond capacity.

Storage squeezers

The storage jam has partly resulted from the Australian wheat crop being estimated much below the actual harvest. In the Riverina area of New South Wales fields estimated before harvesting at 30 to 36 bushels per acre are producing record yields for the area of 45 to 48 bushels per acre. In South Australia official forecasts have had to be revised upward several times in recent weeks and the State estimate now stands at 85 million bushels—double the previous record crop. Informed wheatmen believe the total South Australia wheat harvest may be close to 100 million bushels. Yields in Victoria are also better than expected, and a crop of 85 million bushels seems likely.

Contributions to the lack of storage available are the large carryover stocks from the 1967-68 wheat harvest (although they are lower than the year before). Several countries that normally buy sizable quantities of Australian wheat have been sluggish in purchases during the past year. Mainland China, which usually makes major wheat procurements from Australia early, did not negotiate a sales agreement this year until the end of January. Therefore, wheat that would normally be on shipboard or delivered to purchasers by this season is taking up storage space needed for the new crop.

Effects of wheat deluge

The storage crunch may have far-reaching repercussions in the Australian wheat industry. The first to be affected will be the smallgrowers in southern districts. As long as they cannot deliver their harvests to a Wheat Board silo they cannot receive the guaranteed price for their crops or any payment toward that price. Some, particularly in Victoria, obtained financing to produce their wheat crops on the assumption that the first payment by the Wheat Board, made upon delivery of the wheat to a commercial silo, would cover production loans. Such smallgrowers, less able to wait for returns on their crops than large-scale farmers, may be forced to switch to other farm production than wheat.

Further, this year's pileup may trigger an even worse situation next harvest. Even though substantial sales have been made as usual to Mainland China, the carryover at the end of 1969 could be 200 million bushels. If the 1969-70 wheat crop is again over 500 million bushels, the storage systems of the Australian Wheat Board would be overburdened to the point of disorganization by such a large new influx.

As a result of this year's wheat-marketing problems, various organizations and growers are discussing the possibility of quotas or restrictions on wheat plantings. Most smallgrowers are anxious to establish restrictions; but large growers strongly oppose such action. The Commonwealth Government maintains it does not have the power to establish quotas, and State governments are reluctant to act because of possible political repercussions and the difficulty of reaching agreement about limits on acreage or production.

Preparations for the next wheat crop will begin in March. So far there is no indication that growers will curtail next season's market and storage problems by reduced plantings.

Taiwan's Chickens Try Alfalfa

A trial shipment of 1,000 metric tons of California alfalfa pellets is being fed to poultry belonging to Taiwan's farmers' associations. The pilot scheme hopes to demonstrate to commercial poultry producers the benefits of alfalfa in poultry rations.

Several organizations have cooperated to make the present tests possible. The Central Trust of China, a government enterprise that also acts as a trading firm, was the Taiwan importer. The Pacific Alfalfa Export Corporation, a marketing group composed of 11 California alfalfa-pellet manufacturers, was the U.S. exporter. The alfalfa pellets have been distributed to farmers on Taiwan through the Joint Commission for Rural Reconstruction.

Three obstacles to establishing regular sales of U.S. alfalfa pellets in Taiwan are the unfamiliarity of local poultry producers with the advantages of alfalfa as feed, the high import duties and taxes on the pellets, and the possible opposition from local producers of meal made from napier grass.

Based on dispatch from NORMAN J. PETTIPAW
U.S. Agricultural Attaché, Taipei

New Dominican Slaughterhouse

An additional meat-processing facility is scheduled to begin operation in late January in the Dominican Republic in the town of Higuey, about 90 miles east of Santo Domingo. The plant is designed not only to supply meat to the domestic market but also to supply export meat—chiefly to Puerto Rico. Probably the facilities will be inspected about a month after operations begin to see if meat slaughtered and processed in the plant is acceptable by USDA standards. Until the plant is certified, Puerto Rico cannot accept meat from the slaughterhouse.

The new installation is stated to have a capacity of 30 cattle and 20 swine per hour. The chill room is rated for 150 head in 14 hours; the holding room has capacity for 275 head. The plant will also have facilities to turn out 10,000 pounds of meat products (sausages, hot dogs, etc.) in 8 hours. Equipment for handling tallow, tankage, and bones is also included.

—Based on dispatch from ROBERT M. MCCONNELL
U.S. Agricultural Attaché, Santo Domingo

From left, U.S. poultry and U.S. rice recipe booklets are distributed; sightseeing school children bring their mothers to see Mother Farm.

U.S. Agriculture Featured at Mother Farm Exhibit

Highlight this year of the Fall Festival held September 1-November 30 at Mother Farm in Japan's Chiba Prefecture was a pictorial presentation of American agriculture. Fukusabura Maeda, the owner of this showpiece of modern farming in Japan, reported that visitors showed strong interest in the U.S. farms, which looked very large and highly mechanized, even in comparison with his model operation.

Agricultural cooperatives from neighboring Prefectures — Nagano, Tochigi, Saitama, Gumma, Ibaragi, and Yamanashi — sent representatives who commented frequently on the vast productive capacity of U.S. farms. The exhibit also attracted a younger crowd; almost 50,000 school-age children were included in the 220,000 paid admissions.

Cooperating in the Festival were 23 American and Japanese organizations and companies, including the U.S. Feed Grains Council, the Institute of American Poultry Industries, the National Renderers Association, the Asahi Newspaper Company (Japan's largest), and the Japan National Railway Corporation.

Mother Farm

Mother Farm, located about 20 miles from Tokyo, includes in its standing livestock exhibition 45 Holsteins (many of which are offspring of U.S. animals imported several years ago), hogs, sheep, goats, chickens, and ducks. Picnic areas and hiking trails are provided for the visitors—many of whom come from nearby Tokyo on a daylong excursion. The trip is a popular one. In 1967 about 540,000 passed the entrance gates, and visitors regularly come in numbers large enough to consume almost all of the milk which is produced and processed right on the farm.

Mr. Maeda founded the farm in 1962, naming it in honor of his mother, to whom he is particularly devoted for the incentive to advance in life that she instilled in him.

Mother Farm School

The agricultural high school at Mother Farm, which was started in 1964, provides a similar incentive to local farm boys, who receive here a thorough grounding in the practices of modern farming. Currently, 310 boys age 15-18 are attending the school to study livestock raising, horticulture, and mechanized farming for a period of 3 years. Each student pays 12,000 yen monthly ($42.50) to cover costs of tuition, books, clothing, and room and board. The school receives no direct government support, and the students work on the farm to help pay the school's expenses. About 60 percent of the graduates continue in farming, and several graduates have started farms similar to Mother Farm.

New Cotton Jacket Features Dual Purpose

Pictured at right is a garment shown recently at the annual Designer's Convention in London and selected by IIC (International Institute for Cotton) for special commendation. Versatility is the jacket's outstanding feature, for which it is indebted to the fabric—cotton.

For evening wear, this embossed jacket of cloque cotton is not only dramatic in appearance but practical. Should anything be spilled on it, the jacket sponges clean leaving no marks. For skiing, it is again practical. As the material is not bulky, thick sweaters can be worn underneath. It is also waterproof.

When asked why he chose cotton, designer Tom Gilbey said that it was because of the fiber's versatility. He feels that since the introduction of manmade fibers, cotton has produced many faces and finishes, which have given this ancient fiber a new dimension.

Planning for Spring U.S. In-Stores Now in Full Swing

Across northern Europe nearly 20,000 retail grocery outlets—chain members, department stores, and independents—are now making ready to participate in FAS-sponsored in-store promotions to run from early February through June. The stores, a larger number this year than ever before, will represent 16 major companies in Scandinavia, West Germany, Switzerland, Ireland, and France. They will reach approximately 20 million consumers in this combined effort to establish U.S. foods more firmly and in greater variety on the European market. In-stores held in Finland, Ireland, and Switzerland this year will mark first-time participation for these countries in FAS-sponsored promotion of U.S. food.

Working with FAS on the promotions will be a number of U.S. cooperators, including the California Cling Peach Advisory Board, the Florida Citrus Commission, the Institute of American Poultry Industries, the Soybean Council of America, and the Rice Council.

Prime products to be promoted this year will be a variety of canned fruits from the United States, long a favorite among European consumers. Refrigerated dough and other baking products, chicken breasts, salad dressings, fresh pasteurized orange and grapefruit juice in bottles, rice, canned vegetables, dried fruits, frozen dinners, and pineapple juice will also be featured in the Scandinavian showings. Of particular importance this year will be the promotion of fresh fruits (both deciduous and citrus) and vegetables.

These products are relatively new to the U.S. export scene, not because of low market potential or lack of interest on the part of U.S. producers, but because of shipping problems. These have been eased greatly by the recent expansion of air freight facilities, and exporters are moving in rapidly both to meet the demand and expand the existing market.

In Germany grapes, boysenberries, honey in glass jars, and diet peaches will be among new products for sale. Returning products introduced successfully in recent years will include canned chicken and turkey parts, long grain rice, vegetable juice, prunes, and dry cereals.

Produce to Scandinavia

How fresh produce from the United States sells in Sweden, Finland, and Norway will be a subject of particular interest during the course of the 1969 promotions. The growth of the market for fresh fruits and vegetables of U.S. origin has been so rapid since air freight became a principal source of transportation a few years ago that it is extremely difficult to estimate potential annual sales.

To illustrate—in this year alone prospective sales of fresh produce to Sweden may jump tenfold. A rough breakdown by commodity indicates the following: Fresh vegetables (lettuce, peppers, tomatoes, carrots, celery, onions), $2.7 million; fresh citrus (oranges, lemons, grapefruit), $2.2 million; and other fruits (grapes, berries, apples, pears), $4.5 million. This would bring the grand total to $10.35 million.

A stimulus to greater effort in reaching this potentially huge market for U.S. fresh fruits and vegetables is the increased competition coming from the Mediterranean area for fruits and vegetables, from Israel for citrus, and from Australia, South Africa, and Italy for the canned fruit market. The presence of strong competitors in this area of new markets makes it more important than ever for U.S. exporters to establish their products in first place regarding quality, price, and availability.

Lettuce to Germany

While emphasis on the Scandinavian market by U.S. food promoters is relatively new, concentrated U.S. market development in West Germany has become an institution, profitable to German consumers and U.S. exporters alike. Here is a solid market both receptive to U.S. foods that are already well known and open to the advantages of time-saving and tasty products yet to be tried.

Particularly popular in this market at the present time is iceberg lettuce flown in fresh from California and other producing States. Success with several test shipments of U.S. iceberg lettuce shipped under one import tender last fall prompted the initiation of a second one in mid-December—good through May 31, 1969, and with no quantity restrictions.

Lettuce is the item of greatest current interest. Other U.S. food to be sold will probably include the canned chicken and turkey parts, soybean oil, pineapple (fresh and canned), and long grain rice that were big hits in promotions last year.

Promotion planning stresses Scandinavia and Germany, but efforts geared to specific needs in other markets are also important. Thirty-two Belgian supermarkets will host U.S. foods March 20-29. Beef, dates, concentrated orange juice, sauce mixes, condiments, and relishes were popular in earlier showings and are expected to score further successes. In an all-out campaign virtually covering the country Swiss self-service markets will be featuring U.S. foods—also in March. In Ireland and France it is the Spar self-service chain that will bring U.S. foods to the forefront in 7,280 outlets.

SPRING 1969—"IN-STORE" PROMOTION SCHEDULE—EUROPE

Date	Country	Store group	No. of stores	Type of store
Feb. 6-15.	Sweden	Tempo Ahlens	4	Department
			65	Retail
Feb. 27-Mar. 8.	Sweden	Norrmalms-Livemedals	26	Supermarket
Mar. 13-22	Sweden	Favor	320	Supermarket
Mar. 15-30	W. Germany	Hammonia Handels G mbH	60	Self-service
Mar. 20-29	Belgium	Delhaize Freres & Cie "Lelion"	32	Supermarket
Mar. 29-Apr. 5	W. Germany	Kalus Hahn, KG	2	Supermarket
March	Switzerland	Migros	446	Supermarket
Apr. 11-May 1	Sweden	ICA	6,977	Supermarket
Apr. 17-26	Finland	Oy Stockmann AB	3	Department
			6	Self-service
Apr. 24-May 3	Sweden	Konsum	2,898	Retail
			141	Department
Apr. 28-May 9	W. Germany	C&G Grossmarket	18	Wholesale offices
April	Norway	Lorentzen [1]	4	Supermarket
April	W. Germany	Vege	500	Supermarket
April	W. Germany	Koma-Sud	1,200	Voluntary chains
April	Ireland	Spar [1]	280	Self-service
June 2-8	France	Spar	7,000	Self-service

[1] Being negotiated.

CROPS AND MARKETS SHORTS

Weekly Report on Rotterdam Grain Prices

Between January 15 and January 22, 1969, there were few changes in the offer prices of wheat in Rotterdam. The price for U.S. Spring was down 4 cents, while that for U.S. Hard Winter increased 1 cent. All others remained unchanged.

U.S. No. 3 Yellow corn was down 1 cent. Argentine corn was unchanged, and South African white was not quoted.

A listing of the prices follows.

Item	Jan. 22	Jan. 15	A year ago
	Dol. per bu.	*Dol. per bu.*	*Dol. per bu.*
Wheat:			
Canadian No. 2 Manitoba	2.04	2.04	2.06
USSR 121	1.95	1.95	1.95
U.S. No. 2 Dark Northern Spring, 14 percent	1.88	1.92	1.93
U.S. No. 2 Hard Winter, 14 percent	1.91	1.90	1.82
Argentine	1.78	1.78	1.79
U.S. No. 2 Soft Red Winter	1.75	1.75	1.71
Corn:			
U.S. No. 3 Yellow	1.40	1.41	1.39
Argentine Plate	1.48	1.48	1.96
South African White	(1)	(1)	1.47

[1] Not quoted.

All quoted c.i.f. Rotterdam for 30- to 60-day delivery.

Record World Wheat Output; Rye Crop Up

The 1968 world wheat crop is currently estimated at 305 million metric tons by the Foreign Agricultural Service. This is 10 percent above the 1967 harvest and 7 percent over the 1966 record. World wheat area, at 540 million acres, was 2 percent above the 1967 high.

World rye production is estimated at 32.4 million tons, 7 percent higher than in 1967, with a 2-percent decline in area.

Detailed tables, with analysis, appear in the January *World Agricultural Production and Trade—Statistical Report.*

Philippine Flour Imports Limited

Wheat flour in the Philippines was reclassified from an essential consumer commodity exempt from foreign exchange limitations to a nonessential restricted item on December 10. This action set special deposit requirements for wheat flour imports at 175 percent of the value of the importation for 120 days. Since this requirement is expected to increase the landed cost of flour about 10 percent, imported flour will be less competitive with flour milled domestically which remains exempt from any special time deposit requirement.

The action will have only a limited effect on U.S. flour exports inasmuch as U.S. flour (along with Canadian) has been subject to countervailing duties to offset subsidy payments for several years.

Philippine flour millers had been pressing the government to act to curtail the alarming increase of flour imports from European Common Market countries, particularly from France. The mills stated that France was subsidizing its flour exports to the Philippines at a rate of US $1.90 per bag.

Brazil's Cotton Crop To Be a Record

The outlook for the 1968-69 Brazilian cotton crop shows prospects of a record of at least 3.3 million bales (480 lb. net), a crop more than one-fifth larger than the 1967-68 record outturn of 2.7 million bales. The current season's projected production increase is a result of expanded acreage in South Brazil. Total acreage is estimated at 6.5 million this season, compared with 5.6 million in 1967-68.

All of the production increase is expected in the southern region where favorable returns last season encouraged farmers to increase their plantings. The crop in this area is estimated at 2.5 million bales. The cotton crop in northern Brazil is estimated at 800,000 bales, not much change from other recent seasons.

Exports of raw cotton during the first month (August) of the current season were nearly three times greater than exports during the same period a year earlier. The large increase represents shipments from a record carryover of nearly 1.5 million bales of cotton from the 1967-68 season. Brazilian cotton exports for the full 1968-69 season are forecast at 1.5 million bales, an alltime high.

The large exports this season reflect both the expanded cotton production and the large carryover in stocks. In 1967-68 cotton exports totaled 836,000 bales. Major destinations of shipments during the 1967-68 season with quantities supplied were: West Germany, 197,000 bales; the Netherlands, 106,000; Japan, 74,000; Bulgaria, 62,000; France, 52,000; and Belgium and Luxembourg, 48,000.

A strengthening of the Brazilian economy in the current season could result in domestic consumption reaching 1,300,000 bales. Local consumption in each of the past 3 years has been around 1,250,000 bales.

U.S. Exports of Soybeans, Oils and Meals

U.S. exports of soybeans in November totaled 50.0 million bushels, an increase of 25 percent over last November and the highest monthly total on record. The imminent longshoremen's strike and lower soybean prices encouraged foreign buyers to stock soybeans in order to maintain a supply of both oil and meal during the strike period. Exports during the first three months of the marketing year climbed to 96.6 million bushels, a gain of 21 percent over the 80.0 million shipped in the same months last year. Most major markets increased their purchases of soybeans with the exception of West Germany, whose total decreased by 1.2 million bushels.

Exports of soybean and cottonseed oils in November totaled only 76.0 million pounds, 42 percent less than the 131.1 million exported last November. Smaller shipments of soybean oil under Public Law 480 programs accounted for the decrease. October-November exports totaled 160.1 million pounds, compared with 223.9 million a year ago.

U.S. EXPORTS OF SOYBEANS, EDIBLE OILS, AND OILCAKES AND MEALS

Item and country of destination	Unit	November		September-November	
		1967[1]	1968[1]	1967-68[1]	1968-69[1]
SOYBEANS					
Belgium-Lux.	Mil. bu.	1.7	1.7	3.3	3.3
France	do.	.1	.1	.3	.2
Germany, West.	do.	4.7	4.1	10.3	9.1
Italy	do.	4.6	3.5	5.7	6.8
Netherlands	do.	5.6	6.8	13.0	15.2
Total EC	do.	16.7	16.2	32.6	34.6
Japan	do.	9.1	11.3	18.9	20.5
Canada	do.	2.8	7.1	8.5	15.5
Spain	do.	3.1	3.6	6.1	8.3
China, Taiwan	do.	.8	3.2	2.5	5.6
Denmark	do.	2.7	2.6	4.3	4.5
Israel	do.	1.1	2.3	2.2	2.3
Others	do.	3.6	3.7	4.9	5.3
Total	do.	39.9	50.0	80.0	96.6
Oil equivalent	Mil. lbs.	438.2	548.5	878.1	1,060.9
Meal equivalent	1,000 tons.	937.9	1,173.9	1,879.4	2,270.5

EDIBLE OILS		November		October-November	
Soybean:[2]		1967[1]	1968[1]	1967-68[1]	1968-69[1]
India	Mil. lb.	87.8	39.9	100.3	45.4
Pakistan	do.	0	0	37.3	36.8
Morocco	do.	1.4	2.2	2.3	10.7
Israel	do.	8.2	5.8	16.4	10.2
Peru	do.	1.1	[3]	2.5	6.9
Canada	do.	4.6	4.3	6.3	6.4
S. Vietnam	do.	0	4.4	4.8	6.3
Haiti	do.	1.6	1.0	2.8	3.0
Ecuador	do.	.9	0	.9	3.0
Colombia	do.	.2	1.8	.8	2.9
Dom. Republic	do.	4.4	.9	4.6	2.8
Others	do.	16.2	3.6	33.8	9.6
Total	do.	126.4	63.9	212.8	144.0
Cottonseed:[2]					
Venezuela	do.	2.6	10.6	8.5	13.4
Canada	do.	1.5	1.3	1.6	2.1
Bahamas	do.	.1	.1	.2	.2
Others	do.	.5	.1	.8	.4
Total	do.	4.7	12.1	11.1	16.1
Total oils	do.	131.1	76.0	223.9	160.1
CAKES AND MEALS					
Soybean:	1,000 tons				
Belgium-Lux.	do.	5.5	24.7	29.6	33.4
France	do.	19.4	53.7	48.8	84.6
Germany, West	do.	86.6	72.7	121.8	116.8
Italy	do.	4.5	19.6	9.1	30.9
Netherlands	do.	23.2	42.3	62.3	61.8
Total EC	do.	139.2	213.0	271.6	327.5
Canada	do.	19.4	19.1	40.4	39.6
Spain	do.	0	17.2	.1	31.4
United Kingdom	do.	17.8	11.0	26.7	11.0
Poland	do.	9.8	2.2	13.8	10.8
Switzerland	do.	.3	4.6	.7	10.4
Yugoslavia	do.	0	9.3	15.0	9.3
Philippines	do.	7.0	5.7	10.4	6.8
Others	do.	22.5	18.1	34.5	22.4
Total	do.	216.0	300.2	413.2	469.2
Cottonseed	do.	.1	.4	.7	.8
Linseed	do.	27.1	17.8	54.3	30.0
Total cakes and meals [4]	do.	245.9	322.8	475.9	513.1

[1] Preliminary. [2] Includes shipments under P.L. 480 as reported by Census. [3] Less than 50,000 pounds. [4] Includes peanut cake and meal and small quantities of other cakes and meals.

Soybean meal exports totaled 300,200 tons—up 39 percent from November exports last year. The increase more than compensated for the comparatively low exports in October. Larger shipments of soybean meal to Spain and the EC accounted for the increase.

Total cumulative cake and meal exports of 513,100 tons maintained an 8 percent increase over last year, reflecting larger exports of soybean meal and a slight increase in exports of cottonseed. However, exports of linseed meal were down 24,300 metric tons, compared with last year.

Philippine Coconut Products Exports

Registered exports of copra from the Philippine Republic during November 1968 were 88,100 long tons, compared with 64,550 in October, and they were 34,100 tons above those in November 1967. Movements to the United States this November were 25,750 tons, against 24,900 in October and 3,000 above November shipments last year.

Coconut oil exports in November at 18,547 tons declined sharply from the 30,218 of the previous month and were 5,691 less than in November a year ago. Of these totals, 17,808 tons moved to the United States or a significantly smaller volume than the 25,152 of October and the 22,731 of November 1967.

Cumulative Philippine exports of copra and coconut oil during January-November 1968 totaled 602,215 long tons (oil-equivalent basis)—8 percent below the 655,981 tons exported during the same period a year ago.

Dessicated coconut exports for January-November 1968 totaled 74,900 short tons, with 66,802 moving to the United States. In the same period a year ago exports were 61,637 tons, with 47,054 moving to the United States.

Third FAO Ad Hoc Consultation on Tea

At the Third FAO Ad Hoc Consultation on Tea held at Kampala, Uganda, January 6-14, 1969, a resolution was adopted to make the Consultation a permanent body to be known as the "Consultation Group on Tea" and to establish a working party in lieu of a study group to keep the tea market situation under frequent review and to make recommendations for stabilizing tea prices at equitable and remunerative levels.

India and Ceylon—the world's largest tea producing countries—had hoped that efforts to establish some type of an international tea arrangement would be approved at this meeting, but African growers, who are rapidly expanding production and exports and have lower taxes and production costs, opposed action in this direction. However, the establishment of the working party is considered to be a major step toward Ceylon's and India's goal of a regulatory pact or arrangement to raise tea prices.

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Iran Steps Up Efforts To Expand Wheat Production

For the past 2 years Iran has switched sides at the world wheat trading counter—becoming a seller rather than a buyer. Exports during 1967 totaled 100,000 metric tons; during 1968, about 250,000.

Good weather rather than improved production techniques made this expansion in wheat production possible, but interest in establishing Iran as both a permanent exporter and as self-sufficient in wheat at home has prompted government action to try to continue this expansion in the wheat crop.

For Iran's Fourth Plan (1967-1972) a goal of increasing wheat production 950,000 metric tons by 1972 was announced. Its implementation under the supervision of the Minister of Agriculture began with the organization of the Conference of Wheat and Barley Production, which was attended by field workers, representatives of FAO, and Rockefeller and Ford Foundation grain specialists. This group outlined a 7-point program for Iran to follow in order to boost wheat crops in years to come:

- Government purchase of surplus wheat at a guaranteed price.
- Expansion of grain silo construction to store surplus grain for export.
- Loans for fertilizer and agricultural equipment at low interest rates.
- Distribution of insecticides and pesticides at low cost.
- Importation and distribution of new high-yielding varieties of wheat.
- Instruction from the Ministry of Agriculture for farmers on better techniques of land preparation, seed treatment, and the seeding and control of weeds.
- Construction of irrigation projects to increase the irrigated acreage of wheat by 30 percent. (More than 60 percent of the wheat acreage is dry land which depends on Iran's irregular and seldom sufficient rainfall.) The budget for agriculture under the Fourth Plan which will finance the program is the largest outlay for agriculture in Iran to date—at US$866 million, reportedly double the amount appropriated for the Third Plan.

Wheat has long been and continues to be the staple food for the vast majority of Iranians. Annual per capita wheat consumption is estimated at 150 kilograms (about 350 lb.), making the annual requirement for its 27 million people approaching 41 million metric tons. Seldom has Iran produced wheat in quantities sufficient to meet its needs, and substantial expansion is necessary if the country hopes to meet current demand and then keep pace with its fast-growing population. Advances in standards of living is another factor of increasing importance. Based on a population increase at the rate of 2.8 percent annually, the amount of wheat needed in 1972 will be 5.2 million metric tons. The Fourth Plan, which supposedly aims at self-sufficiency in bread cereals, envisages a target for 1972 of 4.7 million tons—far short of the projected consumption level.

The possibility of expanding the present wheat acreage is slight, as the demand for sugar, livestock products, fruits, vegetables, feedgrains, and forage is also growing. In addition, centuries of continuous cultivation have depleted the fertility of the Iranian soils planted to wheat, and continuous irrigation with no proper drainage has increased salinity, reducing productivity.

As always the single most important factor will be the occurrence of timely and sufficient precipitation, which can never be relied upon. However, intensive selection and use of good seed suitable to dry land conditions, timely preparation of seed beds, improved storage facilities (both on the farm and at the collection centers), restriction of wheat exports during good harvests, and centralization of flour milling and baking facilities hold promise for considerable expansion in Iran's average yearly outturn of wheat.

—Based on dispatch from C. S. STEPHANIDES
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